Procurement Modernization Team

"Newsletter"

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What's New.....Procurement Modernization Team - PMT

PMT NEWS

Card Services Task Order Awarded to NationsBank

The USDA awarded its task order for purchase, fleet, and travel card services August 7, 1998, to NationsBank, one of five contractors under the new General Services Administration SmartPay Contract. With an initial term of 2 years, it has eight additional 1-year options. NationsBank won the award based on their combination of technical excellence and aggressive pricing. One of the major decisions prior to this procurement was whether to use the banks electronic access system or USDA's Purchase Card Management System (PCMS) for purchase and fleet. USDA chose PCMS for purchase cards and decided to expand it to include fleet cards. See the accompanying PCMS article for details on this decision.

USDA and NationsBank are currently in the process of converting from the three current contractors (U.S. Bank -purchase card, American Express -travel card, and Wright Express -fleet card) and expanding PCMS to include fleet. All existing purchase, fleet, and travel cards, regardless of the expiration date embossed on the cards, expire November 30, 1998. Initially under the new contract, separate cards will be issued at the end of November for purchase, travel, and fleet. However, front and back end processes such as account set up and billing are currently being integrated for fleet and purchase which may lead to a one card option for the future.

By combining all three business lines in a single task order and using its own electronic access system, USDA was able to negotiate very favorable rates from NationsBank. Under the terms of the task order, NationsBank will refund a percentage of the gross purchase amounts to USDA, making the card services essentially no cost to the government. Refunds are as follows: purchase 1.42%, fleet .06 % initially with renegotiation of refund rates later this year, centrally billed travel accounts 1.42%, and individually billed travel accounts .4%. The contract includes the ability for agencies to give purchase card holders convenience checks that can be written against their purchase card accounts. Convenience checks are used with vendors who cannot accept the card and will also be used to replace USDA's imprest funds for such items as spot awards and reimbursement of local travel expenses. By negotiating a flat fee of $1.40 for each check rather than a percentage of the check amount as provided in the GSA master contract, this will create a USDA cost avoidance of $1.5 million annually.

NationsBank will pick up the check payee's name and pass it to USDA just like a regular purchase card transaction, making reconciliation as easy for convenience checks as it is for purchase card transactions.

The task order includes many additional services such as inter/intra-governmental purchasing. The vendor agency will be set up and process card transactions like any merchant with the exception that the funds never leave the government. The task order also includes a special travel reconciliation system for centrally billed travel accounts for use with Travel Management Centers (TMCs). The system will interface with TMCs and provide custom matching processing logic for reconciling ticket purchases. A wide range of value added (additional cost) products and services are included in the task order for implementation later. These include smart cards, hybrid cards, smart card readers, customized service programming, and convenience services, etc. Marketing efforts by the Procurement Modernization Team have resulted in non-USDA agencies signing up to use the task order and/or PCMS, which will including the Drug Enforcement Agency, Court of Veterans Appeals, Merit Systems Protection Board, Occupational Safety and Health Review Commission, Office of Government Ethics, and Office of Civil Rights. More agencies using the system means lower costs for USDA.

Analysis Finds PCMS Superior to Bank Systems

Because the five GSA SmartPay contractors offered electronic purchase card systems similar to the USDA's Purchase Card Management System (PCMS), the Procurement Modernization Team performed a detailed analysis prior to award of the USDA task order to determine whether to use a bank system or PCMS. Based on this analysis, senior USDA procurement officials decided to continue using PCMS for purchase cards and to expand it to include the fleet cards and potentially centrally billed travel cards. Fleet card capability will be ready December 1, 1998, when cardholders begin using the new fleet cards. Centrally billed travel card capability may be added next year.

Besides being the only windows based system in government use, PCMS includes much more functionality than the systems offered by the banks and allows for higher refunds that will help offset its cost. PCMS is being deployed now in a PC based version; the application software resides on the users desktop and the database is at the National Finance Center. Approximately 14,000 of USDA's 17,000 existing purchase cardholders systems master file to date. A web enabled version of PCMS will be available by the end of calender year 1998 that will only require that users have a web browser on their PC and Internet access in order to use PCMS. PCMS has all of the functionality included in the bank's system including account set-up, reconciliation, disputing, and reporting. But it contains more state of the art features designed to help agencies reduce administrative costs and make their card programs more effective. Some of the features unique to PCMS are:

Financial System Integration: PCMS interfaces with USDA's financial systems, allowing rapid updates to agency financial records for charges and credits. It allows corrections and adjustments by cardholders up to six months after the purchase has been made.

Accounting Code Validation: When a program coordinator sets up or changes an account in PCMS, the system checks the default accounting code to make sure that it is a valid accounting code. Likewise, if a cardholder assigns an accounting code to a transaction or changes the default account code, the system checks to make sure that it is valid. This feature is essential for accounting integrity.

1099 Reporting: PCMS automatically issues the required 1099 tax reports at the end of the year by allowing easy identification of reportable transactions and automatic matching with Employee Identification numbers of reportable contractors. This system feature has been approved by the IRS and is the first of its kind in the government. It saves agencies the cost of manual identifying and preparing 1099's.

SF 281 Reporting: PCMS includes automatic reporting to the Federal Procurement Data System (FPDS), assuring that agencies receive credit for

their efforts to utilize targeted business types.

Universal Tax Exemption Number: USDA established a universal tax exempt number for purchase card users. The number will be embossed on all cards, making it easier for cardholders to obtain tax exemptions.

Oversight Features: *Query tool*: PCMS includes a powerful and easy to use database query software tool that allows agency cardholders and management officials to obtain real time standard and ad-hoc reports with a few clicks of a mouse, providing comprehensive management information in a wide variety of formats.

Alert system: PCMS constantly monitors transactions for conditions established in conjunction with Office of Inspector General such as multiple purchases to the same vendor in the same day that total more than an individuals single purchase limit, purchases from vendor classes (SIC codes) that are questionable such as jewelry and liquor stores, etc. The system sends an alert to the Local Area Program Coordinator (LAPC) for appropriate action.

Statistical sampling: PCMS automatically selects a specified number of transactions for audit by each Local Area Program Coordinators (LAPC). LAPC's record the audit results directly in PCMS for review by the Agency Coordinators, Office of Procurement and Property Management, and Office of the Inspector General.

Elimination of Approving Official function: Because of the oversight features in PCMS, USDA has eliminated the need for the approving official function, speeding reconciliation and reducing administrative costs for agencies.

Property System Integration: The system allows identification of accountable property purchased and creates a suspense report for the property system. This functionality will be enhanced to allow creation of the entire property record including make, model, serial number, and accountable officer. Additionally, PCMS will automatically update vehicle operating cost records with information such as gallons used, mileage, costs, etc.

Potential Integration with Other Administrative Systems: USDA plans to interface PCMS with other USDA systems and further reduce administrative costs. Here are some examples:

Personnel System: For spot awards made with convenience checks, the system will allow the personnel system to be updated directly from PCMS, eliminating manual processes and assuring that the award is properly recorded.

Training Database: For training purchased with the card or checks, the personnel training database will be updated automatically from PCMS, eliminating the SF-182 training request and the manual processes of updating training database records.

Contract/lease Payments: PCMS will integrate with the Acquisition Toolkit's automated acquisition system and allow payments to vendors, reducing administrative costs.

Independence From Proprietary Systems: Using PCMS, USDA is not locked into a vendor bank's proprietary system. USDA can change banks in the future without the expense of deploying another electronic access system and retraining coordinators and cardholders.

Proven System and Team: PCMS has been in use by the USDA for two years and has gone through extensive testing. It is the only windows based purchase card system with a proven track record of successful government use. The PCMS Team has won a number of industry and governmental awards including the following: the *Leadership and Achievement Award* for Electronic Government from the Industry Advisory Committee of the Information Processing Council; the *1996 Best Federal Showcase* for the Government Information Technology Executive Council (GITEC), a first in the Federal Government; the Secretary of Agriculture's *Honor Award for Re-inventing Government*; and Vice President Gore's *Hammer Award*.

Procurement Modernization Market Research Initiative

The Procurement Modernization Team (PMT)

continued their acquisition software market research throughout the fourth quarter of Fiscal Year 1998. This research included extensive literature research, product demonstrations and hands-on product assessments. The latest phase (hands-on product assessments) included actual use of representative Commercial off- the-shelf (COTS) and Government off-the -shelf (GOTS) products within the USDA Acquisition Modernization Lab (AML) in Fort Collins, Colorado. The data gathered during these hands-on product assessments will be used in developing a Build and/or Buy approach for USDA to populate additional acquisition functionality within the existing USDA Acquisition Toolkit.

COTS and GOTS products were designated for the AML market research assessment based upon their appearance as representative products offering potential acquisition functionality currently available within commercial and Government environments.

Each software product was provided a "clean" environment within the AML on which to install. Each products sponsors were given a day to install and configure their product with a subsequent hands-on users training period of one to four days. At the end of the training period the application sponsors were excused from the Lab and USDA representative users put the package through a set of scripted scenarios identifying specific functions against the PMT draft requirements. At the end of each products use, the packages were de-installed from the AML equipment.

The scripted scenarios used during the research process were developed to utilize true contract life cycle procurement examples provided to the PMT from USDA participating agencies. Copies of contract files were provided to the Lab for each of the following types of procurement, for consideration in the scripted scenarios:

- Purchase Card Transaction
- RFQ Simplified Service
- RFQ Simplified Supply
- IFB Formal Construction Contract
- RFP Commercial Items
- Competitive Task Order

PMT would like to express its appreciation to the Agencies and individual people who participated in the COTS/GOTS research sessions. The participants were all very professional in their expertise and are credited with contributing to the PMT's market research. The following are the individual participants to whom PMT would like to thank:

COTS Research Session A
- Don Ensminger (NRCS)
- James Meredith (FS)
- Stuart Penrod (APHIS)
- Andrea Coleman (RD)

COTS Research Session B
- Jerry Reitmeyer (RD)
- Janet Peterson (FS)
- Anita Voiselle (FSIS)
- Andrea Coleman (RD)

COTS Research Session C
- Lourdes Landrum (NFC)
- Carl Momberger (ARS)
- Debbie Dove (NRCS)
- Don Ensminger (NRCS)
- Alice Roach (ARS)

GOTS Research Session A
- Debbie Dove (NRCS)
- Stuart Penrod (APHIS)
- Jerome Sligh (FSIS)
- Debra Fletcher (RD)
- Dick Jansen (ARS)

GOTS Research Session B
- Carl Momberger (ARS)
- Janet Elm (FSIS)
- Tonia Bloss (FNS)
- Dick Jansen (ARS)
- Lourdes Landrum (NFC)

USDA Acquisition Toolkit on the Move.

The *USDA Acquisition Toolkit* is the web-enabled collection of Acquisition related tools provided for use by the users and customer of USDA procurement. It can be found on the USDA

Procurement Home page at **www.usda.gov/da/procure.html**. The Toolkit now features a new tool:

~NIH Contractor Performance System (CPS)
USDA procurement personnel authorized to access the NIH Contractor Performance System can now electronically assign and request contracting officer representative's (COR's) to complete their portion of the evaluation. The contracting officer requests a one-time assignment of a unique ID and password for the Project Officer/COR, and the INTERNET-based system sends an E-mail to the COR requesting they access the system and complete their portion of the evaluation. Training materials for use of all the Contractor Performance System modules is now available on the Procurement Tools page of the Toolkit. The training documents are in HTML which facilitates ease of loading and reading.

Planned phase 3 release of the Acquisition Toolkit in the coming months will include the following tools:

~Purchase Card
Web enabled version of Purchase Card Management System reconciliation.

~Data Query (reports)
Web enabled version of Data Query tool for Administrative Reports such as the SF279 Federal Procurement Data System (FPDS) Individual Contract Action Report and SF281 Federal information systems, as well as PCMS procurement modernization information.

PMT Member Spotlight

"Every month, the PMT newsletter will Spotlight a member of the Procurement Modernization Team."

-Carl Momberger-

Mr. Momberger began his federal career in 1966 as a field officer in the Food and Nutrition Service in Easton, Maryland. He was responsible for working with state and local government officials in establishing the Food Stamp Program in counties throughout Maryland. He accepted a position in the Office of Inspector General in 1970, in the Hyattsville, Maryland Regional Office. He served as an auditor with primary responsibility in FNS programs, where he was a lead auditor on state and local level audits and participated on several nationwide audits.

Mr. Momberger transferred to the Animal and Plant Health Inspection Service (APHIS) in Hyattsville, Maryland in 1974 and spent the next 15 years with the agency. He was initially assigned to a Management Analyst position in the Management Improvement Division. There he worked on numerous information system development projects, one of which was the first automation of the Meat and Poultry Inspection Inspector circuit charts. He received a Department Award for Superior Service in 1977.

He served as Branch Chief for the Information Management Branch before being assigned as Chief of the Procurement and Engineering Branch in 1984. There he coordinated nationwide construction, repair, and maintenance programs for APHIS. His contracting responsibilities included construction and headquarter services. Additionally he supported Information Resource Management (IRM) for APHIS, Agriculture Marketing Service, Packers and Stockyards Administration, Federal Grain Inspection Service and Office of Transportation. He awarded the construction of the Screwworm Rearing Facility in Hawaii. The facility was extremely complex with many unique and difficult quality control features. He was also personally responsible for agency-wide land mobile radio communications, especially in support of emergency situations such as Med-fly outbreaks in California and Florida.

In 1989, Mr. Momberger accepted a position with the Agricultural Research Service at the National Arboretum. He served as the Facilities and Administrative Manager of a true garden spot within the Nations Capital. Carl viewed this assignment as one of the greatest in all of USDA, where he enjoyed

the support of a wonderfully dedicated staff. During Carl's tenure the most notable accomplishments included; installation of a new Arboretum-wide irrigation system; fiber optic local area network, restoration of the historic brickyard located on the property, and many repair and maintenance projects.

During his career, Mr. Momberger has participated in three extended details. The first detail was as the Administrative Officer for the Plant Protection and Quarantine program in APHIS. The second detail was for a year to establish and direct the creation of a USDA-HQ centralized telephone management office. The office, known as TSP, eventually became a contractor supported activity. Mr. Momberger's current detail to the Procurement Modernization Team started in 1996. He was responsible for overseeing the establishment of the USDA Acquisition Toolkit and training agencies on its functionality.

Mr. Momberger has received numerous government awards during his career. He earned an A.B. Education Degree in Mathematics and Physical Education from Glenville State College, Glenville, West Virginia. He taught high school mathematics for two years after college graduation, and then started his federal career. Recently he has started taking accounting classes at a local community college. He and his wife Sherry have been married for 33+ years and have a son and daughter. Hobbies include skiing, golfing, hiking, fishing and traveling with his wife.

Trends, Ideas, and Latest & Greatest

"To keep our team members up to date.....We are introducing a section in which to spotlight new ideas, business concepts and trends.....".

USDA Web apps support community development

The Agriculture Department has begun using two new World Wide Web-based systems to improve the management of a Clinton administration program to revitalize run-down urban neighborhoods and bring investment to underdeveloped rural areas.

One of the systems enables the monitoring of USDA projects that are funded by the Empowerment Zones/Enterprise Communities Program, which issues grants to 72 urban and 33 rural locations to help communities rebuild. The other system integrates the USDA's Office of Community Development's legacy databases to make it easier to access data.

To create the monitoring system, the USDA worked with Information Strategies Inc., a Washington, D.C.-based company, to build a Web site for the EZ/EC program to help federal, state and local agencies participating in the program monitor the progress of revitalization projects and to update the goals that those agencies have set for those projects.

The system, which cost the department about $40,000, was developed following an audit conducted by the General Accounting Office last year.

"GAO wanted a system in place that would automatically monitor and track progression of benchmarks," said Michael Grisby, a computer specialist and contractor working on the project.

The USDA plans to roll out the system at 33 of 247 EZ/EC offices countrywide by September so that the agency can meet a deadline for a report due at that time, Grisby said. Eventually, all EZ/EC offices will have access to the system.

With the new system, users can find or update such data as what percentage of a task is complete, what targets have been set, the status of funding and other information. And Office of Community Development representatives at the state level will be able to use the system to compare one community's progress against that of another community.

"It was always possible for users to go through various types of documents that were associated with the program," said Allan Alderman, senior consultant at Information Strategies and the lead consultant on the Web-based system. "What we've done is give them an online tool they can use to get

the information."

Information Strategies built in about five weeks the data structure for the application and developed the Web pages that access the data, Grisby said. The site runs on a Microsoft Corp. Internet Information Server, and the data is stored in a Microsoft SQL Server.

The other Web-based system the USDA is rolling out links the Office of Community Development's legacy data sources that hold rural funding information, and it provides a cohesive front end for analysis and reporting.

"This is a big deal for us," said J. Norman Reid, acting associate deputy administrator for rural development at the USDA. "Our legacy systems were not well-integrated, and [they] required skilled programmers to enter and extract data." The disparate data sources made it difficult to answer questions from Congress about where money was being spent, Reid said.

For example, it used to take weeks to gather and analyze data to respond to a question about how much money was spent by various USDA rural development projects, and the Office of Community Development could not promise more than an 80 percent accuracy factor, Reid said.

Now such a query can be answered in a few minutes, and the accuracy of the data is as high as 98 percent.

To build the system, the USDA needed products that used standard database structures and existing security schemes as well as provided access to legacy data on a wide range of platforms, Grisby said. Officials chose software made by Information Builders Inc. in New York to provide the solution.

The first stage of the project involved using Information Builders' Copy Manager to "cleanse and massage" the data stored in an IBM Corp. MVS Focus database on the mainframe. This was done before the data was loaded into the Microsoft SQL Server 6.5 database, according to Doug Monson, technical representative at Information Builders.

Another Information Builders product, WebFocus, is used to query the SQL Server and obtain information quickly through a Web browser.

The USDA chose Information Builders products because of their compatibility with USDA legacy databases and their ability to work with any standard Web browser and because of the department's existing license for Information Builders' EDA middleware.

EDA works as a gatekeeper to make sure queries are sent to the correct database without the end user seeing the data source, Grisby said.

USDA Web applications support community, by Margaret Johnson: Federal Computer Weekly, August 03, 1998. Reprinted here with permission of FCW Government Technology Group. Copyright 1998.http://www.fcw.com.

In and Around the Procurement World.....

"We introduce this section in order to keep our team members informed on what is happening in and around the Government and Private Sector Procurement World.....".

Contracting for better GPRA result

Several years ago, the Department of Veterans Affairs contracted for information technology to help the agency reduce the processing time for veterans' benefits claims. At the end of the day, the vendor got paid, but processing times were reduced only minimally.

I relate this example neither to insult the VA nor to blame the vendor working on the contract. Rather, I bring it up because of its relevance to a wider class of cases.

Clearly, improving service to veterans was something of value that the VA was willing to pay for, even though the VA wasn't going to attain budgetary savings for itself as an organization if the

processing time were reduced. This is a common situation. Benefits that IT and business process re-engineering (BPR) bring to agencies often are "off budget" - that is, they go to agency customers in the form of better service or higher quality. A second feature that the VA effort shared with many others in the government is that it failed to deliver the anticipated results, but the vendor got paid anyway.

Imagine if the VA had contracted for veterans benefits processing time reduction in a different way. Imagine that the agency gave an average "as is" processing turnaround time in the request for proposals and explained how that time was calculated. Then imagine the VA invited vendors to bid a dollar amount that they would ask to be paid for every day they shaved off the baseline processing time. The more days shaved off, the greater the payment. No days shaved off, no payment. Think of the changes in incentives such a contracting arrangement would unleash!

Now let your imagination run wild. The methodology I just suggested could be extended to just about any quantitative goal an agency has set for itself under the Government Performance and Results Act (GPRA) where the agency feels that contractor support might significantly help it reach the goal. You want to think "out of the box"?

Take an agency that measures customer satisfaction and seeks to increase satisfaction as a GPRA goal. The agency puts its current customer-satisfaction measures (and measurement methodology) in an RFP and asks contractors how much they would expect to be paid for each percentage point increase in customer satisfaction that the contractors help the agency achieve - again, with no payment if no improvements occur. The same methodology could be used for an agency with a GPRA goal to decrease burden-hours placed on the public, and so forth.

This form of contracting would require some novel approaches to structuring the competition for the contract. The most important change would be to use the "due diligence" approach that I discussed in an earlier column [FCW, June 22] to give bidding vendors an opportunity to learn about the agency's relevant "as is" business processes.

Agencies also could choose many different approaches in inviting bids on payment schedules. My advice would be to give bidders the fullest possible freedom in offering payment schedules, which the agency would then evaluate - along with technical approaches and past performance - as part of vendor selection. Differing payment bids might include getting different amounts of money for different levels of performance improvement or allowing bidders to ask for some minimum fixed-price payment along with payments for performance improvements. The agency would need to specify the time period over which the payments would be made. The agency also might choose to specify a cap on the amount of money it would be willing to pay. If it did so, that would clearly affect vendors' bidding strategies; any such amount should be discussed with the vendor community during pre-solicitation market research so that there is not a radical disconnect between agency and vendor expectations.

This approach also will require restructuring the relationship between the government and the winning vendor. One could imagine this form of contracting being used for operations that are out sourced to vendors. But more frequently, the vendor will be brought in to apply IT and BPR to an operation performed by government employees. In such a situation, performance improvement will require efforts by the vendor and the government working together. This creates potential risks for both parties.

For example, the vendor risks not getting paid because the government flounders in implementing the vendor's IT or BPR solutions. Similarly, the government risks making payments to the vendor for improvements to which the government contributed and which were thus not brought about solely through the vendor's efforts. What is required for this arrangement to work is the kind of deep vendor/customer partnership that many have espoused in other contexts for bringing about the highest chances of success of any IT venture.

The ideas in this column are, at this moment, in the realm of my imagination. But I am convinced that linking contracting with GPRA goals in this way could be key to helping agencies improve their

performance on many of their GPRA goals. Some day, if government is smart, this form of contracting will become commonplace. Here's my challenge to the many innovative people out there in the federal government: Be the first out of the starting block to help the government re-engineer its approach to contracting.

Contracting for better GPRA result, by Steven Kelman: Federal Computer Weekly, August 03, 1998. Reprinted here with permission of FCW Government Technology Group. Copyright 1998. http://www.fcw.com.

"Conferences, Symposiums & Seminars.....Websites"

Defense Acquisition University web page address is **http://www.acq.osd.mil/dau/dau.html.**

"Feed-back"

In order to keep this newsletter current, please give us feed back. Suggestions, comments and ideas can be submitted to Walt Wallace @ 202.690.1048 or **Walt. Wallace@usda.gov.**